

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

Vx CAPITAL PARTNERS, LLC; VIC-23244
LLC, HBC-GSKY LLC; and HWC-GSKY LLC,

Plaintiffs

vs.

MK AIRLINES LIMITED,

Defendant

Civil Action 1:08-cv-4802

**PETITION FOR RECOGNITION OF FOREIGN PROCEEDING
AND STAY OF ALL PROCEEDINGS IN THIS ACTION**

Mssrs. James Preston Bradley, Andrew John Duncan, and Michael Johnathan Christopher Oldham, all licensed insolvency practitioners of Bridge Business Recovery, 3rd Floor, 30-45 Shaftesbury Avenue, London W1D 6LA, Administrators (hereinafter, the “Administrators”) for, and acting on behalf of, the Defendant, MK Airlines Limited – in Administration (the “Debtor”), by and through their appointed counsel, hereby petition this Honorable Court in accordance with the United States Bankruptcy Code, 11 U.S.C §1515, for recognition of the Defendant’s administration proceeding in the High Court of Justice, Chancery Division, Companies Court, in the United Kingdom under the Insolvency Act of 1986. In addition, the Administrators request that the Court stay all further proceedings in this action pending its determination to recognize the foreign proceeding and invoke the

automatic stay against continuation of this proceeding against the Debtor in accordance with 11 U.S.C. §§ 1517-1520 and 362.

In support of this Petition, the Administrators state the following:

1. Debtor is the real party in interest in the in the Court Case Number 4657/2008 in the High Court of Justice, Chancery Division Companies Court, that was commenced on June 10, 2008.
2. The Administrators were duly appointed by the directors of the Debtor on June 6, 2008. A certified copy of that Appointment is attached as Exhibit A as required by 15 U.S.C. §1515(b)(1).
3. The Complaint in this action was filed on May 22, 2008 and served to the Debtor on June 2, 2008. By Stipulation filed June 23, the parties agreed to an extension of time within which to answer or otherwise plead to July 23, 2008.
4. As required by 15 U.S.C. §1515(b), a certified copy from the British Court affirming the existence of its proceeding and appointment of representatives is attached as Exhibit A. As also required by 15 U.S.C. §1515(c), the Administrators state that they are not aware of any other foreign proceedings with respect to the Debtor. In accordance with 15 U.S.C. §1517, an order recognizing a foreign proceeding shall be entered if
 - (1) such foreign proceeding for which recognition is sought is a foreign main proceeding or foreign nonmain proceeding within the meaning of section 1502;
 - (2) the foreign representative applying for recognition is a person or body; and
 - (3) the petition meets the requirements of section 1515.
5. A stay of all proceedings in this case is appropriate in accordance with 15 U.S.C. §1519:

Relief that may be granted upon filing petition for recognition:

(a) From the time of filing a petition for recognition until the court rules on the petition, the court may, at the request of the foreign representative, where relief is urgently needed to protect the assets of the debtor or the interests of the creditors, grant relief of a provisional nature, including—

(1) staying execution against the debtor's assets;

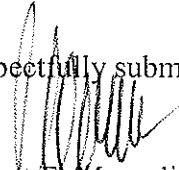
(2) entrusting the administration or realization of all or part of the debtor's assets located in the United States to the foreign representative or another person authorized by the court, including an examiner, in order to protect and preserve the value of assets that, by their nature or because of other circumstances, are perishable, susceptible to devaluation or otherwise in jeopardy;

6. The Administrators aver that there are no assets of the Debtor located in the United States that require administration.

WHEREFORE, the Administrators, petitioners herein, pray that this Petition be granted, that the Court stay further proceedings pending its determination whether to recognize the United Kingdom insolvency proceeding with respect to the Debtor, and, after due consideration, recognize that foreign proceeding and invoke the automatic stay under 15 U.S.C. § 362, and dismiss this action.

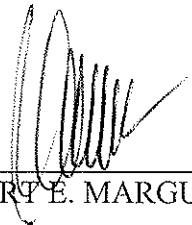
Of Counsel:
Mark W. Atwood
Paul M. Tschirhart
Sher & Blackwell LLP
1850 M Street, N.W.
Suite 900
Washington, DC 20036

Respectfully submitted,


Robert E. Margulies REM0499
Jeffrey R. Kivetz JK0086
Margulies Wind
Harborside Financial Center
Plaza 10, Suite 1201
3 Second Street
Jersey City, NJ 07311-3988

CERTIFICATE OF SERVICE

ROBERT E. MARGULIES herein certifies that on this date he has served a true copy of the within Petition for Recognition of Foreign Proceeding and Stay of all Proceedings in this Action together with supporting documents and proposed Order by electronic mail and regular mail, postage prepaid, to Adam Gahtan and Gregory M. Starnier, White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036, attorneys for the Plaintiff, Vx Capital Partners, LLC; VIC-23244, LLC, HBC-GSKY LLC; And HWC-GSKY LLC.



ROBERT E. MARGULIES

Dated: July 21, 2008

We hereby certify this to
be a true copy of the original
SALANS

Salans 18.7.08
(uf H-A)

Form 2.9B

Notice of appointment of an administrator by company or director(s)

(where a notice of intention to appoint has been issued)

SALANS
MILLENNIUM BRIDGE HOUSE
2 LAMBETH HILL
LONDON SE11 4AJ
TEL: 020 7429 6000
FAX: 020 7429 6001
DX: LDE 196 CHANCERY LANE

Name of Company
MK AIRLINES LIMITED

Company number
02481002

In the HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

For court use only
Court case number
4657/2008

(a) Insert name and
address of registered
office of the company

1. Notice is given that, in respect of MK AIRLINES LIMITED (company
number 02481002) whose registered office is at Landhurst, Hartfield, East Sussex
TN7 4DL

("the company")

*Delete as applicable

the directors of the company ("the appointor") hereby appoint:

(b) Give name(s) and
address(es)
of administrator(s)

JAMES PRESTON BRADNEY (IP number 9259), ANDREW JOHN DUNCAN
(IP number 9319) and MICHAEL JOHNATHAN CHRISTOPHER OLDHAM
(IP number 7817), all licensed insolvency practitioners of BKL Business Recovery
of 35 Ballards Lane, London N3 1XW

*Delete as applicable

as administrators of the company.

2. The written statements in Form 2.2B are attached.
3. The appointor is entitled to make an appointment under paragraph 22 of Schedule
B1 to the Insolvency Act 1986.
4. This appointment is in accordance with Schedule B1 to the Insolvency Act 1986.

*Delete as applicable

5. The company is not an insurance undertaking / a credit institution / an investment
undertaking providing services involving the holding of funds or securities for third
parties / or a collective investment undertaking under Article 1.2 of the EC
Regulation.

(c) Insert whether
main or territorial
proceedings

6. For the following reasons it is considered that the EC Regulation will apply. If it
does apply, these proceedings will be MAIN proceedings as defined in Article 3 of
the EC Regulation; the company is registered in England and its main centre of
business is in England.

7. Where there are joint administrators, a statement for the purposes of paragraph
100(2) of Schedule B1 to the Insolvency Act 1986 is attached.



8. The appointor has given written notice of the intention to appoint in accordance with paragraph 26(1) of Schedule B1 to the Insolvency Act 1986 and a copy of that notice was filed at court on 9 June 2008.

(d) Insert date

and each person to whom the notice was sent has consented to this appointment.

*Delete as applicable

I, RICHARD MARK TAYLOR, of 15 Fawcett Street, London SW10 9HN in my capacity as director of the company do solemnly and sincerely declare that

(e) Insert name and address of person making declaration

- (i) the information provided in this notice and
(ii) the statements made and information given in the notice of intention to appoint

are, and remain, to the best of my knowledge and belief, true,

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declared at 34 SUMNER PLACE SW7 3NT

Signed

This 9th day of JUNE 2008

before me

Robert Sinclair Davidson
ROBERT SINCLAIR DAVIDSON
Solicitor
34 SUMNER PLACE
SOUTH KENSINGTON
SW7 3NT

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor or Duly Authorised Officer

Endorsement to be completed by court

(f) Insert date and time

This notice was filed (i) 10/06/2008 at 12.29 pm

We hereby certify this to
be a true copy of the original
SALANS

Salans 18.7.08
(ref: HA)

SALANS
MILLENNIUM BRIDGE HOUSE
2 LAMBETH HILL
LONDON EC4V 4AJ
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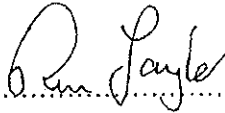
MK AIRLINES LIMITED
(Company number: 02481002) ("the Company")

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATORS

**STATEMENT UNDER PARAGRAPH 100(2) OF
SCHEDULE B1 TO THE INSOLVENCY ACT 1986**

It is hereby confirmed that JAMES PRESTON BRADNEY, ANDREW JOHN DUNCAN and MICHAEL JOHNATHAN CHRISTOPHER OLDHAM are to be appointed as joint administrators of the Company and they shall act jointly and severally and that any functions to be exercised by the administrators under Schedule B1 to the Insolvency Act 1986 may be exercised by any of them acting jointly or acting alone.

Signed:



Director of MK AIRLINES LIMITED

Dated: 9 June 2008

**We hereby certify this to
be a true copy of the original
SALANS**

Salans 18.7.08
(ref: HA)

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Plaintiffs

vs.

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Defendant

Civil Action 1:08-cv-4802

ORDER

Upon consideration of the Petition filed by the Administrators on behalf of the Defendant, MK Airlines Limited, and it appearing to the Court that the Defendant may be a British company that is currently insolvent and in formal administration in the High Court of Justice, Chancery Division, Companies Court, in the United Kingdom under the British Insolvency Act of 1986, and this Court wishing to consider the matter further after hearing a response to the Petition, if any, from the Plaintiff, it is hereby

ORDERED, that Plaintiff will have _____ within which to reply to the Petition;
and it is

FURTHER ORDERED, that all other proceedings in this action, including Defendant's answer or other response to the Complaint, are hereby stayed pending the Court's ruling on whether to recognize the foreign proceeding in accordance with the United States Bankruptcy Code, 15 U.S.C. §1515 *et. seq.*

UNITED STATES DISTRICT COURT